GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:1767
ANSWERED ON:29.11.2002
GUIDELINES ON HOME LOANS
PRABHA RAU

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

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(a) whether any guidelines have been formulated by the RBI for the banks so as to have a uniform pattern in the matter of sanctioning of home loans;

(b) if so, the details thereof; and

(c) if not, the reasons therefor and the steps taken by the RBI to ensure that a uniform pattern is adopted by all the banks for sanctioning of home loans ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS(SHRI ANANDRAO V. ADSUL)

(a), (b) & (c): Reserve Bank of India (RBI) has not formulated any guidelines for sanctioning of home loans by banks. However, RBI have issued instructions to all commercial banks prescribing the annual allocation limit for housing finance. Accordingly, each bank is required to compute its share of the housing finance allocation at 3 percent of its incremental deposits over the previous year. There is no objection to banks exceeding this level having regard to their resources position. The lending rates of banks from time to time are governed by the directives on interest rate issued by RBI. As per extant guidelines the interest on loans up to Rs.2 lakh should not exceed Prime Lending Rate (PLR) of the bank and beyond Rs.2 lakhs, banks have been givenoperational flexibility in deciding their lending rate.